

ORIGINAL

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EXECUTIVE DIRECTOR



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ARIZONA CORPORATION COMMISSION 9:23

MEMORANDUM

**TO:** Mike Gleason, Chairman  
William A. Mundell  
Jeff Hatch-Miller  
Kristin K. Mayes  
Gary Pierce

Arizona Corporation Commission

**DOCKETED**

JAN 17 2008

**FROM:** Matthew J. Neubert   
Director of Securities

DOCKETED BY 

**DATE:** January 11, 2008

**RE:** Proposed Order to Cease and Desist and for Administrative Penalty and Consent to Same by Ronald James Strayer (a/k/a RJ Strayer), Jeffrey Stanford Ryan and Lisa Scott, husband and wife, and RJSR Land Development CR, a Costa Rican corporation (S-20564A-07-0643)

**CC:** Dean S. Miller, Interim Executive Director

Attached is a proposed Order to Cease and Desist and for Administrative Penalty and Consent to Same by Ronald James Strayer (a/k/a RJ Strayer) ("Strayer"), Jeffrey Stanford Ryan ("Ryan") and Lisa Scott, husband and wife, and RJSR Land Development CR, a Costa Rican corporation, ("RJSRLDCR") ("Respondents"). The Order finds that the Respondents violated A.R.S. §44-1841 and §44-1842 by selling unregistered securities while being unlicensed. The Order requires the Respondents to cease and desist their activity and pay an administrative penalty in the amount of \$2,500.

From approximately June 29, 2007 until November 21, 2007, Respondents engaged in the offer and sale of securities to the general public in Arizona in the form of stock in RSJRLDCR through the use of an internet web-site located at [www.rjsrgroup.com](http://www.rjsrgroup.com) and advertisements in the *Arizona Republic* and *Arizona Central*. Respondents informed potential investors that the purpose of RSJRLDCR is to acquire, develop, and then sell approximately 600 acres of real estate located in the Guanacaste Province of Costa Rica known as "Vistas Rincon." No investor funds have been raised. The website no longer exists.

The Division believes that this Consent Order is appropriate to protect the public welfare.

Originator: Julie Coleman

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**MIKE GLEASON, Chairman**  
**WILLIAM A. MUNDELL**  
**JEFF HATCH-MILLER**  
**KRISTIN K. MAYES**  
**GARY PIERCE**

### Respondents.

**ORDER TO CEASE AND DESIST, ORDER  
FOR ADMINISTRATIVE PENALTY, AND  
CONSENT TO SAME BY:  
RONALD JAMES STRAYER (a/k/a RJ  
STRAYER); JEFFREY STANFORD RYAN  
and LISA SCOTT, husband and wife; and  
RJSR LAND DEVELOPMENT CR, a Costa  
Rican corporation**

Respondents RONALD JAMES STRAYER (a/k/a RJ STRAYER) ("STRAYER") JEFFREY STANFORD RYAN ("RYAN") and LISA SCOTT ("SCOTT"), husband and wife, and RJSR LAND DEVELOPMENT CR, a Costa Rican corporation, ("RSJRLDCR") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order for Administrative Penalty, and Consent to Same ("Order"). STRAYER, RYAN, SCOTT and RSJRLDCR admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. RONALD JAMES STRAYER (a/k/a RJ STRAYER) is an unmarried individual residing in Scottsdale, Arizona.

2. JEFFREY STANFORD RYAN is a married individual residing in Phoenix, Arizona.

3. RSJR Land Development CR is a corporation organized under the laws of Costa Rica.

4. The officers of RSJRLDCR are STRAYER, President, RYAN, Secretary, David Stanford Ryan, Treasurer, and Carolyn Prater Ryan, "Corporation Supervisor."

5. LISA SCOTT has been at all relevant times the spouse of Respondent RYAN, and is joined in this action under A.R.S. §44-2031(C) solely for purposes of determining the liability of the marital community. At all relevant times, RYAN and SCOTT were acting for their own benefit, and for the benefit or in furtherance of the marital community.

6. STRAYER, RYAN, and RSJRLDCR may be referred to individually or collectively as "Respondents" as the context requires. SCOTT may be referred to individually or as "Respondent Spouse."

7. From approximately June 29, 2007 until November 21, 2007, Respondents engaged in the offer and sale of securities to the general public in Arizona in the form of stock in RSJRLDCR ("RSJRLDCR Stock").

8. Arizona investors were being solicited through the use of an internet website, [www.rjsrgroup.com](http://www.rjsrgroup.com) ("Website").

9. On November 21, 2007, the use of the Website by Respondents was terminated.

10. In addition to the Website, from at least October 7, 2007 through October 29, 2007, Respondents offered for sale the RSJRLDCR Stock through advertisements in the *Arizona Republic* ("AZ Republic Ads"), and *Arizona Central*, the electronic media version of the *Arizona Republic*, ("AZ Central Postings").

11. Respondents informed potential investors that the purpose of RSJRLDCR is to acquire, develop, and then sell approximately 600 acres of real estate located in the Guanacaste Province of Costa Rica known as "Vistas Rincon" ("Development").

12. The cost per share for the RSJRLDCR Stock was \$70,000.

13. Respondents informed potential investors that fifty percent the RSJRLDCR Stock would be owned by the four RSJRLDCR Officers ("Officer Investors", and the remaining fifty percent would be owned by a maximum of 18 other investors ("RSJRLDCR Investors").

14. The agreement for the acquisition of RSJRLDCR Stock provided by Respondents to potential investors states that upon the sale of the Development, the proceeds of sale shall be distributed to the "Owners" (i.e., RSJRLDCR Officers) and "Buyers" (i.e., RSJRLDCR Investors) as follows:

[T]he BUYERS will get their initial investment back, provided that after all expenses are paid, the balance is greater than the initial investment. By expenses it is understood closing costs, taxes and any other contingency fee inherent to a transaction of this nature.

If the amount of the balance allows it, the BUYERS will receive, additionally, a 10% of the initial investment. The remaining balance of the net sale will be distributed in equal percentages, that is 50% each, between all the shareholders who appear as BUYERS and the OWNERS.

If the sale of the property turns out to be less than the original shareholders' investment, the money obtained will be equally divided amongst the shareholders and the OWNERS, that is 50% each.

15. There are no RSJRLDCR Investors.

## II.

### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondents offered or sold securities within or from Arizona, within the meaning of A.R.S. §§44-1801(15), 44-1801(21), and 44-1801(26).

3. Respondents violated A.R.S. §44-1841 by offering or selling securities that were

neither registered nor exempt from registration.

4. Respondents violated A.R.S. §44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. §44-2032.

6. Respondents' conduct is grounds for administrative penalties under A.R.S. §44-2036.

### III.

### ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. §44-2032, that Respondents, and any of Respondents' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. §44-2036, that Respondents and Respondent Spouse shall, jointly and severally, pay an administrative penalty in the amount of \$2,500.00. Payment shall be made to the "State of Arizona." Payment shall be made in full on the date of this Order. Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full.

For purposes of this Order, a bankruptcy filing by any of the Respondents or Respondent Spouse shall be an act of default. If any Respondent or Respondent Spouse does not comply with this Order, any outstanding balance may be deemed in default and shall be immediately due and

1 payable.

2 IT IS FURTHER ORDERED, that if any Respondent or Respondent Spouse fails to  
3 comply with this order, the Commission may bring further legal proceedings against that  
4 Respondent or Respondent Spouse, including application to the superior court for an order of  
5 contempt.

6 IT IS FURTHER ORDERED that this Order shall become effective immediately.

7 BY ORDER OF THE ARIZONA CORPORATION COMMISSION  
8  
9

10 CHAIRMAN

COMMISSIONER

11  
12 COMMISSIONER

COMMISSIONER

COMMISSIONER

13  
14 IN WITNESS WHEREOF, I, DEAN S. MILLER, Interim  
15 Executive Director of the Arizona Corporation  
16 Commission, have hereunto set my hand and caused the  
17 official seal of the Commission to be affixed at the  
18 Capitol, in the City of Phoenix, this \_\_\_\_\_ day of  
19 \_\_\_\_\_, 2008.

20  
21 DEAN S. MILLER  
22 Interim Executive Director

23  
24 DISSENT

25  
26 DISSENT

This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator,  
voice phone number 602-542-3931, e-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

(JC)

**CONSENT TO ENTRY OF ORDER**

1  
2       1.       Respondent RONALD J. STRAYER (a/k/a RJ STRAYER) ("Respondent") admits  
3 the jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENT  
4 acknowledges that he has been fully advised of his right to a hearing to present evidence and call  
5 witnesses and Respondent knowingly and voluntarily waives any and all rights to a hearing before  
6 the Commission and all other rights otherwise available under Article 11 of the Securities Act and  
7 Title 14 of the Arizona Administrative Code. Respondent acknowledges that this Order to Cease  
8 and Desist, Order for Administrative Penalty, and Consent to Same ("Order") constitutes a valid  
9 final order of the Commission.

10       2.       Respondent knowingly and voluntarily waives any right under Article 12 of the  
11 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
12 resulting from the entry of this Order.

13       3.       Respondent acknowledges and agrees that this Order is entered into freely and  
14 voluntarily and that no promise was made or coercion used to induce such entry.

15       4.       Respondent acknowledges that he has been represented by an attorney in this  
16 matter, Respondent has reviewed this Order with his attorneys, Richard G. Himelrick and Frank R.  
17 Mead of the law firm of Tiffany & Bosco, P.C., and understands all terms it contains.

18       5.       Respondent neither admits nor denies the Findings of Fact and Conclusions of Law  
19 contained in this Order. Respondent agrees that he shall not contest the validity of the Findings of  
20 Fact and Conclusions of Law contained in this Order in any present or future administrative  
21 proceeding before the Commission or any other state agency concerning the denial or issuance of  
22 any license or registration required by the state to engage in the practice of any business or  
23 profession.

24       6.       By consenting to the entry of this Order, Respondent agrees not to take any action  
25 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding  
26 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without

1 factual basis. RESPONDENT will undertake steps necessary to assure that all of his agents and  
2 employees understand and comply with this agreement.

3 7. While this Order settles this administrative matter between Respondent and the  
4 Commission, Respondent understands that this Order does not preclude the Commission from  
5 instituting other administrative or civil proceedings based on violations that are not addressed by  
6 this Order.

7 8. Respondent understands that this Order does not preclude the Commission from  
8 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
9 that may be related to the matters addressed by this Order.

10 9. Respondent understands that this Order does not preclude any other agency or  
11 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
12 proceedings that may be related to matters addressed by this Order.

13 10. Respondent agrees that he will not apply to the state of Arizona for registration as a  
14 securities dealer or salesman or for licensure as an investment adviser or investment adviser  
15 representative until such time as all penalties under this Order are paid in full.

16 11. Respondent agrees that he will not exercise any control over any entity that offers  
17 or sells securities or provides investment advisory services within or from Arizona until such time  
18 as all penalties under this Order are paid in full.

19 12. Respondent agrees that he will not sell any securities in or from Arizona without  
20 being properly registered in Arizona as a dealer or salesman, or exempt from such registration; he  
21 will not sell any securities in or from Arizona unless the securities are registered in Arizona or  
22 exempt from registration; and he will not transact business in Arizona as an investment adviser or  
23 an investment adviser representative unless properly licensed in Arizona or exempt from licensure.

24 13. Respondent consents to the entry of this Order and agrees to be fully bound by its  
25 terms and conditions.

26 14. Respondent acknowledges and understands that if he fails to comply with the

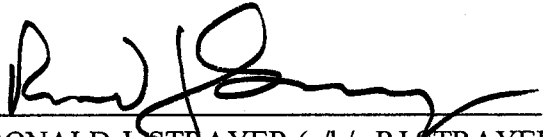


provisions of the order and this consent, the Commission may bring further legal proceedings against him, including application to the superior court for an order of contempt.

15. Respondent understands that default shall render him liable to the Commission for its costs of collection and interest at the maximum legal rate.


16. Respondent agrees and understands that if he fails to make any payment as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. Respondent agrees and understands that acceptance of any partial or late payment by the Commission is not a waiver of default by Commission.

17. Respondent represents that he is the President of RJSR Land Development CR, a Costa Rican corporation, ("RJSRLDCR") and has been authorized by name of RJSRLDCR of to enter into this Order for and on behalf of it.

  
RONALD J. STRAYER (a/k/a RJ STRAYER)

STATE OF ARIZONA       )  
  ) ss  
County of                    )

SUBSCRIBED AND SWORN TO BEFORE me this 11<sup>th</sup> day of January, 2008.

  
NOTARY PUBLIC

My commission expires:

12/22/09



**CONSENT TO ENTRY OF ORDER**

1  
2       1.       Respondents JEFFREY STANFORD RYAN and LISA SCOTT, husband and wife,  
3 (“Respondents”) admit the jurisdiction of the Commission over the subject matter of this  
4 proceeding. Respondents acknowledge that they have been fully advised of their right to a hearing  
5 to present evidence and call witnesses and Respondents knowingly and voluntarily waive any and  
6 all rights to a hearing before the Commission and all other rights otherwise available under Article  
7 11 of the Securities Act and Title 14 of the Arizona Administrative Code. Respondents  
8 acknowledge that this Order to Cease and Desist, Order for Administrative Penalty, and Consent to  
9 Same (“Order”) constitutes a valid final order of the Commission.

10       2.       Respondents knowingly and voluntarily waive any right under Article 12 of the  
11 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
12 resulting from the entry of this Order.

13       3.       Respondents acknowledge and agree that this Order is entered into freely and  
14 voluntarily and that no promise was made or coercion used to induce such entry.

15       4.       Respondents acknowledges that they have been represented by an attorney in this  
16 matter, Respondents have reviewed this Order with their attorneys, Richard G. Himelrick and  
17 Frank R. Mead of the law firm of Tiffany & Bosco, P.C., and understand all terms it contains.

18       5.       Respondents neither admit nor deny the Findings of Fact and Conclusions of Law  
19 contained in this Order. Respondents agree that they shall not contest the validity of the Findings  
20 of Fact and Conclusions of Law contained in this Order in any present or future administrative  
21 proceeding before the Commission or any other state agency concerning the denial or issuance of  
22 any license or registration required by the state to engage in the practice of any business or  
23 profession.

24       6.       By consenting to the entry of this Order, Respondents agree not to take any action  
25 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding  
26 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without

1 factual basis. Respondents will undertake steps necessary to assure that all of their agents and  
2 employees understand and comply with this agreement.

3 7. While this Order settles this administrative matter between Respondents and the  
4 Commission, Respondents understand that this Order does not preclude the Commission from  
5 instituting other administrative or civil proceedings based on violations that are not addressed by  
6 this Order.

7 8. Respondents understand that this Order does not preclude the Commission from  
8 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
9 that may be related to the matters addressed by this Order.

10 9. Respondents understand that this Order does not preclude any other agency or  
11 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
12 proceedings that may be related to matters addressed by this Order.

13 10. Respondents agree that they will not apply to the state of Arizona for registration as  
14 a securities dealer or salesman or for licensure as an investment adviser or investment adviser  
15 representative until such time as all penalties under this Order are paid in full.

16 11. Respondents agree that they will not exercise any control over any entity that offers  
17 or sells securities or provides investment advisory services within or from Arizona until such time  
18 as all penalties under this Order are paid in full.

19 12. Respondents agree that they will not sell any securities in or from Arizona without  
20 being properly registered in Arizona as a dealer or salesman, or exempt from such registration;  
21 Respondent will not sell any securities in or from Arizona unless the securities are registered in  
22 Arizona or exempt from registration; and Respondent will not transact business in Arizona as an  
23 investment adviser or an investment adviser representative unless properly licensed in Arizona or  
24 exempt from licensure.

25 13. Respondents acknowledge that any restitution or penalties imposed by this Order  
26 are obligations of each of them as well as the marital community.

14. Respondents consent to the entry of this Order and agree to be fully bound by its terms and conditions.

15. Respondents acknowledge and understand that if either of them fails to comply with the provisions of the order and this consent, the Commission may bring further legal proceedings against that Respondent, including application to the superior court for an order of contempt.

16. Respondents understand that default shall render Respondents liable to the Commission for its costs of collection and interest at the maximum legal rate.

17. Respondents agree and understand that if either of them Respondent fails to make any payment as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. Respondents agree and understand that acceptance of any partial or late payment by the Commission is not a waiver of default by Commission.

  
JEFFREY STANFORD RYAN

  
LISA SCOTT, spouse of JEFFREY STANFORD RYAN

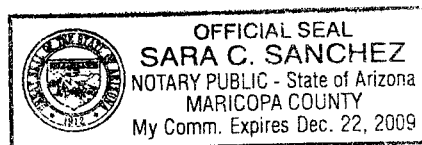
STATE OF ARIZONA       )  
                                      ) ss  
County of                    )

SUBSCRIBED AND SWORN TO BEFORE me this 11<sup>th</sup> day of January, 2008.

  
NOTARY PUBLIC

My commission expires:

12/22/09



**CONSENT TO ENTRY OF ORDER**

1  
2       1.     Respondent RJSR LAND DEVELOPMENT CR, a Costa Rican corporation,  
3 ("Respondent") admits the jurisdiction of the Commission over the subject matter of this  
4 proceeding. Respondent acknowledges that Respondent has been fully advised of Respondent's  
5 right to a hearing to present evidence and call witnesses and Respondent knowingly and  
6 voluntarily waives any and all rights to a hearing before the Commission and all other rights  
7 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona  
8 Administrative Code. Respondent acknowledges that this Order to Cease and Desist, Order for  
9 Administrative Penalty, and Consent to Same ("Order") constitutes a valid final order of the  
10 Commission.

11       2.     Respondent knowingly and voluntarily waives any right under Article 12 of the  
12 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
13 resulting from the entry of this Order.

14       3.     Respondent acknowledges and agrees that this Order is entered into freely and  
15 voluntarily and that no promise was made or coercion used to induce such entry.

16       4.     Respondent acknowledges that Respondent has been represented by an attorney in  
17 this matter, Respondent has reviewed this Order with it's attorneys, Richard G. Himelrick and  
18 Frank R. Mead of the law firm of Tiffany & Bosco, P.C., and understands all terms it contains.

19       5.     Respondent neither admits nor denies the Findings of Fact and Conclusions of Law  
20 contained in this Order. Respondent agrees that it shall not contest the validity of the Findings of  
21 Fact and Conclusions of Law contained in this Order in any present or future administrative  
22 proceeding before the Commission or any other state agency concerning the denial or issuance of  
23 any license or registration required by the state to engage in the practice of any business or  
24 profession.

25       6.     By consenting to the entry of this Order, Respondent agrees not to take any action  
26 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding

1 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without  
2 factual basis. Respondent will undertake steps necessary to assure that all of its agents and  
3 employees understand and comply with this agreement.

4 7. While this Order settles this administrative matter between Respondent and the  
5 Commission, Respondent understands that this Order does not preclude the Commission from  
6 instituting other administrative or civil proceedings based on violations that are not addressed by  
7 this Order.

8 8. Respondent understands that this Order does not preclude the Commission from  
9 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
10 that may be related to the matters addressed by this Order.

11 9. Respondent understands that this Order does not preclude any other agency or  
12 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal  
13 proceedings that may be related to matters addressed by this Order.

14 10. Respondent agrees that it will not apply to the state of Arizona for registration as a  
15 securities dealer or salesman or for licensure as an investment adviser or investment adviser  
16 representative until such time as all penalties under this Order are paid in full.

17 11. Respondent agrees that it will not exercise any control over any entity that offers or  
18 sells securities or provides investment advisory services within or from Arizona until such time as  
19 all penalties under this Order are paid in full.

20 12. Respondent agrees that it will not sell any securities in or from Arizona without  
21 being properly registered in Arizona as a dealer or salesman, or exempt from such registration;  
22 Respondent will not sell any securities in or from Arizona unless the securities are registered in  
23 Arizona or exempt from registration; and Respondent will not transact business in Arizona as an  
24 investment adviser or an investment adviser representative unless properly licensed in Arizona or  
25 exempt from licensure.

26 13. Respondent consents to the entry of this Order and agrees to be fully bound by its

